

105TH CONGRESS  
2D SESSION

# H. R. 3292

To amend the Internal Revenue Code of 1986 to increase the credit for dependent care services necessary for gainful employment and to provide an equivalent benefit for families where one parent stays at home to provide child care for a child under the age of 4 and to amend the Social Security Act to provide grants to States to improve the quality and availability of child care, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 26, 1998

Mrs. KENNELLY of Connecticut introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Internal Revenue Code of 1986 to increase the credit for dependent care services necessary for gainful employment and to provide an equivalent benefit for families where one parent stays at home to provide child care for a child under the age of 4 and to amend the Social Security Act to provide grants to States to improve the quality and availability of child care, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “Investment in Children  
3 Act of 1998”.

4 **SEC. 2. INCREASE IN DEPENDENT CARE CREDIT; EQUIVA-**  
5 **LENT BENEFIT WHERE ONE PARENT STAYS**  
6 **AT HOME TO PROVIDE CHILD CARE FOR**  
7 **CHILD UNDER AGE 4.**

8       (a) IN GENERAL.—Paragraph (2) of section 21(a) of  
9 the Internal Revenue Code of 1986 (relating to expenses  
10 for household and dependent care services necessary for  
11 gainful employment) is amended to read as follows:

12           “(2) APPLICABLE PERCENTAGE DEFINED.—For  
13 purposes of paragraph (1), the term ‘applicable per-  
14 centage’ means 50 percent reduced (but not below  
15 20 percent) by 1 percentage point for each \$1,000  
16 (or fraction thereof) by which the taxpayer’s ad-  
17 justed gross income for the taxable year exceeds  
18 \$30,000.”

19       (b) EQUIVALENT OF INCREASED BENEFIT WHERE  
20 PARENT STAYS AT HOME TO PROVIDE CHILD CARE FOR  
21 CHILD UNDER AGE 4.—

22           (1) IN GENERAL.—Section 24 of such Code (re-  
23 lating to child tax credit) is amended by redesignat-  
24 ing subsections (e) and (f) as subsections (f) and  
25 (g), respectively, and by inserting after subsection  
26 (e) the following new subsection:

1       “(f) ADDITIONAL CREDIT IF TAXPAYER HAS QUALI-  
2 FYING CHILD UNDER AGE 4.—

3               “(1) IN GENERAL.—If any qualifying child of  
4 the taxpayer is a young child, the credit allowed by  
5 subsection (a) shall be increased by the increased de-  
6 pendent care credit equivalent amount.

7               “(2) INCREASED DEPENDENT CARE CREDIT  
8 EQUIVALENT AMOUNT.—For purposes of paragraph  
9 (1), the term ‘increased dependent care credit equiv-  
10 alent amount’ means, with respect to any taxable  
11 year beginning in a calendar year, an amount equal  
12 to—

13               “(A) the amount estimated by the Sec-  
14 retary (for taxable years beginning in the pre-  
15 ceding calendar year) as being equal to the av-  
16 erage employment-related expenses which are  
17 taken into account under section 21(a) by tax-  
18 payers who have only one qualifying individual  
19 and that qualifying individual is a young child,  
20 multiplied by

21               “(B) the percentage equal to the excess (if  
22 any) of—

23               “(i) the percentage applicable to the  
24 taxpayer under section 21(a)(2), over

1 “(ii) the percentage which would be  
 2 applicable to the taxpayer under section  
 3 21(a)(2) as in effect on the day before the  
 4 date of the enactment of this paragraph.

5 “(3) YOUNG CHILD.—For purposes of this sub-  
 6 section, the term ‘young child’ means any individual  
 7 who has not attained the age of 4 as of the close of  
 8 the calendar year in which the taxable year of the  
 9 taxpayer begins.

10 “(4) COORDINATION WITH DEPENDENT CARE  
 11 CREDIT.—Credit shall be allowed under this sub-  
 12 section to a taxpayer for a taxable year only if the  
 13 taxpayer elects not to have section 21 apply for such  
 14 year.”

15 (2) CONFORMING AMENDMENT.—Subparagraph  
 16 (I) of section 6213(g)(2) of such Code is amended  
 17 by striking “section 24(e)” and inserting “section  
 18 24(f)”.

19 (c) EFFECTIVE DATE.—The amendments made by  
 20 this section shall apply to taxable years beginning after  
 21 December 31, 1998.

22 **SEC. 3. ALLOWANCE OF CREDIT FOR EMPLOYER EXPENSES**  
 23 **FOR CHILD CARE ASSISTANCE.**

24 (a) IN GENERAL.—Subpart D of part IV of sub-  
 25 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to business related credits) is amended by  
2 adding at the end the following new section:

3 **“SEC. 45D. EMPLOYER-PROVIDED CHILD CARE CREDIT.**

4 “(a) IN GENERAL.—For purposes of section 38, the  
5 employer-provided child care credit determined under this  
6 section for the taxable year is an amount equal to 25 per-  
7 cent of the qualified child care expenditures of the tax-  
8 payer for such taxable year.

9 “(b) DOLLAR LIMITATION.—The credit allowable  
10 under subsection (a) for any taxable year shall not exceed  
11 \$150,000.

12 “(c) DEFINITIONS.—For purposes of this section—

13 “(1) QUALIFIED CHILD CARE EXPENDITURE.—

14 The term ‘qualified child care expenditure’ means  
15 any amount paid or incurred—

16 “(A) to acquire, construct, rehabilitate, or  
17 expand property—

18 “(i) which is to be used as part of a  
19 qualified child care facility of the taxpayer,

20 “(ii) with respect to which a deduction  
21 for depreciation (or amortization in lieu of  
22 depreciation) is allowable, and

23 “(iii) which does not constitute part of  
24 the principal residence (within the meaning

1 of section 121) of the taxpayer or any em-  
2 ployee of the taxpayer,

3 “(B) for the operating costs of a qualified  
4 child care facility of the taxpayer, including  
5 costs related to the training of employees, to  
6 scholarship programs, and to the providing of  
7 increased compensation to employees with high-  
8 er levels of child care training,

9 “(C) under a contract with a qualified  
10 child care facility to provide child care services  
11 to employees of the taxpayer,

12 “(D) under a contract to provide child care  
13 resource and referral services to employees of  
14 the taxpayer, or

15 “(E) for the costs of seeking accreditation  
16 from a child care credentialing or accreditation  
17 entity.

18 “(2) QUALIFIED CHILD CARE FACILITY.—

19 “(A) IN GENERAL.—The term ‘qualified  
20 child care facility’ means a facility—

21 “(i) the principal use of which is to  
22 provide child care assistance, and

23 “(ii) which meets the requirements of  
24 all applicable laws and regulations of the  
25 State or local government in which it is lo-

1 cated, including, but not limited to, the li-  
 2 censing of the facility as a child care  
 3 facility.

4 Clause (i) shall not apply to a facility which is  
 5 the principal residence (within the meaning of  
 6 section 121) of the operator of the facility.

7 “(B) SPECIAL RULES WITH RESPECT TO A  
 8 TAXPAYER.—A facility shall not be treated as a  
 9 qualified child care facility with respect to a  
 10 taxpayer unless—

11 “(i) enrollment in the facility is open  
 12 to employees of the taxpayer during the  
 13 taxable year,

14 “(ii) the facility is not the principal  
 15 trade or business of the taxpayer unless at  
 16 least 30 percent of the enrollees of such fa-  
 17 cility are dependents of employees of the  
 18 taxpayer, and

19 “(iii) the use of such facility (or the  
 20 eligibility to use such facility) does not dis-  
 21 criminate in favor of employees of the tax-  
 22 payer who are highly compensated employ-  
 23 ees (within the meaning of section 414(q)).

24 “(d) RECAPTURE OF ACQUISITION AND CONSTRUC-  
 25 TION CREDIT.—

“(1) IN GENERAL.—If, as of the close of any taxable year, there is a recapture event with respect to any qualified child care facility of the taxpayer, then the tax of the taxpayer under this chapter for such taxable year shall be increased by an amount equal to the product of—

“(A) the applicable recapture percentage,

and

“(B) the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted if the qualified child care expenditures of the taxpayer described in subsection (c)(1)(A) with respect to such facility had been zero.

“(2) APPLICABLE RECAPTURE PERCENTAGE.—

“(A) IN GENERAL.—For purposes of this subsection, the applicable recapture percentage shall be determined from the following table:

<b>“If the recapture event occurs in:</b>	<b>The applicable recapture percentage is:</b>
Years 1–3 .....	100
Year 4 .....	85
Year 5 .....	70
Year 6 .....	55
Year 7 .....	40
Year 8 .....	25
Years 9 and 10 .....	10
Years 11 and thereafter .....	0.

“(B) YEARS.—For purposes of subparagraph (A), year 1 shall begin on the first day



1 of the taxable year in which the qualified child  
2 care facility is placed in service by the taxpayer.

3 “(3) RECAPTURE EVENT DEFINED.—For pur-  
4 poses of this subsection, the term ‘recapture event’  
5 means—

6 “(A) CESSATION OF OPERATION.—The  
7 cessation of the operation of the facility as a  
8 qualified child care facility.

9 “(B) CHANGE IN OWNERSHIP.—

10 “(i) IN GENERAL.—Except as pro-  
11 vided in clause (ii), the disposition of a  
12 taxpayer’s interest in a qualified child care  
13 facility with respect to which the credit de-  
14 scribed in subsection (a) was allowable.

15 “(ii) AGREEMENT TO ASSUME RECAP-  
16 TURE LIABILITY.—Clause (i) shall not  
17 apply if the person acquiring such interest  
18 in the facility agrees in writing to assume  
19 the recapture liability of the person dispos-  
20 ing of such interest in effect immediately  
21 before such disposition. In the event of  
22 such an assumption, the person acquiring  
23 the interest in the facility shall be treated  
24 as the taxpayer for purposes of assessing

1           any recapture liability (computed as if  
2           there had been no change in ownership).

3           “(4) SPECIAL RULES.—

4           “(A) TAX BENEFIT RULE.—The tax for  
5           the taxable year shall be increased under para-  
6           graph (1) only with respect to credits allowed  
7           by reason of this section which were used to re-  
8           duce tax liability. In the case of credits not so  
9           used to reduce tax liability, the carryforwards  
10          and carrybacks under section 39 shall be appro-  
11          priately adjusted.

12          “(B) NO CREDITS AGAINST TAX.—Any in-  
13          crease in tax under this subsection shall not be  
14          treated as a tax imposed by this chapter for  
15          purposes of determining the amount of any  
16          credit under subpart A, B, or D of this part.

17          “(C) NO RECAPTURE BY REASON OF CAS-  
18          UALTY LOSS.—The increase in tax under this  
19          subsection shall not apply to a cessation of op-  
20          eration of the facility as a qualified child care  
21          facility by reason of a casualty loss to the ex-  
22          tent such loss is restored by reconstruction or  
23          replacement within a reasonable period estab-  
24          lished by the Secretary.

1       “(e) SPECIAL RULES.—For purposes of this  
2 section—

3               “(1) AGGREGATION RULES.—All persons which  
4 are treated as a single employer under subsections  
5 (a) and (b) of section 52 shall be treated as a single  
6 taxpayer.

7               “(2) PASS-THRU IN THE CASE OF ESTATES AND  
8 TRUSTS.—Under regulations prescribed by the Sec-  
9 retary, rules similar to the rules of subsection (d) of  
10 section 52 shall apply.

11               “(3) ALLOCATION IN THE CASE OF PARTNER-  
12 SHIPS.—In the case of partnerships, the credit shall  
13 be allocated among partners under regulations pre-  
14 scribed by the Secretary.

15       “(f) NO DOUBLE BENEFIT.—

16               “(1) REDUCTION IN BASIS.—For purposes of  
17 this subtitle—

18                       “(A) IN GENERAL.—If a credit is deter-  
19 mined under this section with respect to any  
20 property by reason of expenditures described in  
21 subsection (c)(1)(A), the basis of such property  
22 shall be reduced by the amount of the credit so  
23 determined.

24                       “(B) CERTAIN DISPOSITIONS.—If during  
25 any taxable year there is a recapture amount

1           determined with respect to any property the  
2           basis of which was reduced under subparagraph  
3           (A), the basis of such property (immediately be-  
4           fore the event resulting in such recapture) shall  
5           be increased by an amount equal to such recap-  
6           ture amount. For purposes of the preceding  
7           sentence, the term ‘recapture amount’ means  
8           any increase in tax (or adjustment in  
9           carrybacks or carryovers) determined under  
10          subsection (d).

11          “(2) OTHER DEDUCTIONS AND CREDITS.—No  
12          deduction or credit shall be allowed under any other  
13          provision of this chapter with respect to the amount  
14          of the credit determined under this section.”

15          (b) CONFORMING AMENDMENTS.—

16                (1) Section 38(b) of such Code is amended—

17                    (A) by striking “plus” at the end of para-  
18                    graph (11),

19                    (B) by striking the period at the end of  
20                    paragraph (12), and inserting a comma and  
21                    “plus”, and

22                    (C) by adding at the end the following new  
23                    paragraph:

24                    “(13) the employer-provided child care credit  
25                    determined under section 45D.”.

1           (2) Subsection (d) of section 39 of such Code  
 2           (relating to carryback and carryforward of unused  
 3           credits) is amended by adding at the end the follow-  
 4           ing new paragraph:

5           “(9) NO CARRYBACK OF SECTION 45D CREDIT  
 6           BEFORE JANUARY 1, 1999.—No portion of the un-  
 7           used business credit for any taxable year which is  
 8           attributable to the credit determined under section  
 9           45D may be carried back to a taxable year begin-  
 10          ning before January 1, 1999.”.

11          (3) The table of sections for subpart D of part  
 12          IV of subchapter A of chapter 1 of such Code is  
 13          amended by adding at the end the following new  
 14          item:

“Sec. 45D. Employer-provided child care credit.”.

15          (c) EFFECTIVE DATE.—The amendments made by  
 16          this section shall apply to taxable years beginning after  
 17          December 31, 1998.

18      **SEC. 4. GRANTS TO STATES TO IMPROVE THE QUALITY AND**  
 19                              **SAFETY OF CHILD CARE, TO PROVIDE CHILD**  
 20                              **CARE FOR LOW-INCOME WORKING FAMILIES,**  
 21                              **AND FOR BEFORE AND AFTER SCHOOL CHILD**  
 22                              **CARE.**

23          Part A of title IV of the Social Security Act (42  
 24          U.S.C. 601–619) is amended by inserting after section  
 25          418 the following:

1   **“SEC. 418A. GRANTS TO STATES TO IMPROVE THE QUALITY**  
2                   **AND SAFETY OF CHILD CARE, TO PROVIDE**  
3                   **CHILD CARE FOR LOW-INCOME WORKING**  
4                   **FAMILIES, AND FOR BEFORE AND AFTER**  
5                   **SCHOOL CHILD CARE.**

6           “(a) CHILD CARE QUALITY AND SAFETY IMPROVE-  
7   MENT GRANTS.—

8                   “(1) ENTITLEMENT.—Each State shall be enti-  
9           tled to receive from the Secretary a grant in an  
10          amount determined under paragraph (2).

11                  “(2) AMOUNT OF GRANT.—

12                          “(A) ALLOTMENTS TO STATES.—After  
13           making the reservation described in paragraph  
14           (3) of this subsection, the total amount avail-  
15           able for grants under this subsection for a fiscal  
16           year shall be allotted among the States in the  
17           manner provided for in section 418(a)(2)(B).

18                          “(B) FEDERAL MATCHING OF STATE EX-  
19           PENDITURES EXCEEDING HISTORICAL EXPEND-  
20           ITURES.—The Secretary shall make payments  
21           under this subsection in the manner provided  
22           for in section 418(a)(2)(C) as if ‘400 percent’  
23           were substituted for ‘the Federal medical assist-  
24           ance percentage for the State for the fiscal year  
25           (as defined in section 1905(b), as such section  
26           was in effect on September 30, 1995)’.

1                   “(C)                   REDISTRIBUTION.—Section  
2                   418(a)(2)(D) shall apply to amounts allotted  
3                   under subparagraph (A) of this paragraph.

4                   “(3) INDIAN TRIBES.—The Secretary shall re-  
5                   serve not less than 1 percent, and not more than 2  
6                   percent, of the aggregate amount appropriated to  
7                   carry out this subsection for each fiscal year for pay-  
8                   ments to Indian tribes and tribal organizations.

9                   “(4) USE OF FUNDS.—Amounts received by a  
10                  State under this subsection shall be used only to im-  
11                  prove the quality and safety of child care through  
12                  such means as—

13                         “(A) reducing staff-to-child ratios;

14                         “(B) improving and expanding child care  
15                         training (including training in first aid and  
16                         cardiopulmonary resuscitation);

17                         “(C) improving enforcement of State  
18                         health and safety requirements (including in-  
19                         creasing unannounced inspections of child care  
20                         settings);

21                         “(D) helping providers meet accreditation  
22                         and licensing requirements;

23                         “(E) promoting programs to improve early  
24                         learning for children who have not attained 6  
25                         years of age;

1           “(F) providing increased payment rates for  
2           child care services for infants or children with  
3           special medical needs;

4           “(G) connecting child care providers to  
5           centers for education and health care profes-  
6           sionals;

7           “(H) conducting background checks on  
8           child care providers;

9           “(I) improving the compensation of child  
10          care providers; and

11          “(J) expanding activities to educate par-  
12          ents on the availability and quality of child  
13          care, including the development and operation  
14          of resource and referral systems.

15          “(5) APPROPRIATION.—Out of any money in  
16          the Treasury of the United States not otherwise ap-  
17          propriated, there are appropriated for grants under  
18          this subsection—

19                 “(A) \$250,000,000 for fiscal year 1999;

20                 “(B) \$500,000,000 for each of fiscal years  
21                 2000 and 2001;

22                 “(C) \$750,000,000 for fiscal year 2002;  
23                 and

24                 “(D) \$1,000,000,000 for fiscal year 2003.



1       “(b) GRANTS FOR CHILD CARE FOR LOW-INCOME  
2 WORKING FAMILIES.—

3           “(1) ENTITLEMENT.—If a State has received  
4 from the Secretary under section 418(a)(2) during a  
5 fiscal year an amount equal to the State’s allotment  
6 under section 418(a)(2)(B) for the fiscal year, the  
7 State shall be entitled to receive from the Secretary  
8 a grant in an amount determined under paragraph  
9 (2).

10          “(2) AMOUNT OF GRANT.—

11           “(A) ALLOTMENTS TO STATES.—After  
12 making the reservation described in paragraph  
13 (3) of this subsection, the total amount avail-  
14 able for grants under this subsection for a fiscal  
15 year shall be allotted among the States in the  
16 manner provided for in section 418(a)(2)(B).

17           “(B) FEDERAL MATCHING OF STATE EX-  
18 PENDITURES EXCEEDING HISTORICAL EXPEND-  
19 ITURES.—The Secretary shall make payments  
20 under this subsection in the manner provided  
21 for in section 418(a)(2)(C) as if ‘400 percent’  
22 were substituted for ‘the Federal medical assist-  
23 ance percentage for the State for the fiscal year  
24 (as defined in section 1905(b), as such section  
25 was in effect on September 30, 1995)’.

1                   “(C)                   REDISTRIBUTION.—Section  
2                   418(a)(2)(D) shall apply to amounts allotted  
3                   under subparagraph (A) of this paragraph.

4                   “(3) INDIAN TRIBES.—The Secretary shall re-  
5                   serve not less than 1 percent, and not more than 2  
6                   percent, of the aggregate amount appropriated to  
7                   carry out this subsection for each fiscal year for pay-  
8                   ments to Indian tribes and tribal organizations.

9                   “(4) USE OF FUNDS.—Not less than 70 percent  
10                  of the amounts received by a State under this sub-  
11                  section shall be used for child care assistance to per-  
12                  sons who are not recipients of assistance under the  
13                  State program funded under the provisions of this  
14                  part other than section 418 or this section.

15                  “(5) APPROPRIATION.—Out of any money in  
16                  the Treasury of the United States not otherwise ap-  
17                  propriated, there are appropriated for grants under  
18                  this subsection—

19                         “(A) \$1,000,000,000 for fiscal year 1999;

20                         “(B) \$1,500,000,000 for each of fiscal  
21                         years 2000 and 2001; and

22                         “(C) \$2,000,000,000 for each of fiscal  
23                         years 2002 and 2003.

24                  “(c) GRANTS FOR BEFORE AND AFTER SCHOOL  
25                  CHILD CARE.—

1           “(1) ENTITLEMENT.—Each State shall be enti-  
2       tled to receive from the Secretary a grant in an  
3       amount determined under paragraph (2).

4           “(2) AMOUNT OF GRANT.—

5               “(A) ALLOTMENTS TO STATES.—After  
6       making the reservation described in paragraph  
7       (3) of this subsection, the total amount avail-  
8       able for grants under this subsection for a fiscal  
9       year shall be allotted among the States in the  
10      manner provided for in section 418(a)(2)(B).

11              “(B) FEDERAL MATCHING OF STATE EX-  
12      PENDITURES EXCEEDING HISTORICAL EXPEND-  
13      ITURES.—The Secretary shall make payments  
14      under this subsection in the manner provided  
15      for in section 418(a)(2)(C) as if ‘400 percent’  
16      were substituted for ‘the Federal medical assist-  
17      ance percentage for the State for the fiscal year  
18      (as defined in section 1905(b), as such section  
19      was in effect on September 30, 1995)’.

20              “(C)               REDISTRIBUTION.—Section  
21      418(a)(2)(D) shall apply to amounts allotted  
22      under subparagraph (A) of this paragraph.

23              “(3) INDIAN TRIBES.—The Secretary shall re-  
24      serve not less than 1 percent, and not more than 2  
25      percent, of the aggregate amount appropriated to

1 carry out this subsection for each fiscal year for pay-  
2 ments to Indian tribes and tribal organizations.

3 “(4) USE OF FUNDS.—Amounts received by a  
4 State under this subsection shall be used only for  
5 the provision of child care services before and after  
6 regular school hours and during months in which  
7 school is not in session.

8 “(5) APPROPRIATION.—Out of any money in  
9 the Treasury of the United States not otherwise ap-  
10 propriated, there are appropriated for grants under  
11 this subsection—

12 “(A) \$250,000,000 for fiscal year 1999;

13 “(B) \$500,000,000 for each of fiscal years  
14 2000 and 2001;

15 “(C) \$750,000,000 for fiscal year 2002;

16 and

17 “(D) \$1,000,000,000 for fiscal year 2003.

18 “(d) DATA USED TO DETERMINE STATE AND FED-  
19 ERAL SHARES OF EXPENDITURES.—Section 418(a)(5)  
20 shall apply to determinations concerning expenditures re-  
21 quired under this section.

22 “(e) AVAILABILITY OF FUNDS.—The 2nd sentence of  
23 section 418(b)(1) shall apply to amounts provided to a  
24 State under this section.

1       “(f) APPLICATION OF CHILD CARE AND DEVELOP-  
2   MENT BLOCK GRANT ACT of 1990.—Section 418(c) shall  
3   apply to amounts provided to a State under this section.

4       “(g) DEFINITION.—As used in this section, the term  
5   ‘State’ means each of the 50 States and the District of  
6   Columbia.”.

7   **SEC. 5. 21ST CENTURY LEARNING CENTERS.**

8       Part I of title X of the Elementary and Secondary  
9   Education Act of 1965 (20 U.S.C. 8241 et seq.) is amend-  
10   ed—

11           (1) in section 10902 by striking “inner city”  
12       each place it appears and inserting “urban”;

13           (2) in section 10903—

14               (A) in subsection (a)—

15                   (i) by striking “rural and inner-city”;

16                   and

17                   (ii) by striking “rural or inner-city”;

18               (B) by amending subsection (b) to read as

19       follows:

20       “(b) EQUITABLE DISTRIBUTION.—

21           “(1) IN GENERAL.—In awarding grants under  
22       this part, the Secretary shall assure an equitable dis-  
23       tribution of assistance among the States and among  
24       areas within a State.

1           “(2) PRIORITY.— The Secretary shall give pri-  
 2           ority to urban and rural areas in the United States,  
 3           and among such areas of a State.”; and

4           (3) in section 10907, by amending the text to  
 5           read as follows:

6           “There are authorized to be appropriated  
 7           \$200,000,000 for each of the fiscal years 1999 through  
 8           2003 to carry out this part.”

9   **SEC. 6. NONREFUNDABLE PERSONAL CREDITS ALLOWED**  
 10                   **IN DETERMINING ALTERNATIVE MINIMUM**  
 11                   **TAX LIABILITY.**

12           (a) ALLOWANCE OF NONREFUNDABLE PERSONAL  
 13   CREDITS.—Subsection (a) of section 26 of the Internal  
 14   Revenue Code of 1986 (relating to limitation based on tax  
 15   liability; definition of tax liability) is amended to read as  
 16   follows:

17           “(a) LIMITATION BASED ON AMOUNT OF TAX.—The  
 18   aggregate amount of credits allowed by this subpart for  
 19   the taxable year shall not exceed the sum of—

20           “(1) the taxpayer’s regular tax liability for the  
 21   taxable year, plus

22           “(2) the tax imposed by section 55 for such  
 23   taxable year.”

1       (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 1997.

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